

**Remarks of
The Honorable Dan Schaefer
Chairman, Subcommittee on Energy and Power
House Commerce Committee
Dallas Field Hearing on Consumer Choice in Electricity
Friday, May 9, 1997**

Today the Subcommittee is holding the last of four field hearings on the question of whether consumers should have the right to choose their own electric suppliers.

There is almost no product, other than electricity, that consumers purchase today, that the government, rather than the consumer decides, who it must buy that product from. When people need groceries, they have the freedom to choose which grocery store they will shop at and once they get inside that grocery story

they can decide which brand of bread or milk or soap they would like to purchase. Everyday, consumers in Texas, and every other State in the Union, decide from whom they would like to purchase their cars, gasoline for those cars, clothing, washing machines to wash that clothing, TVs, coffee makers, and airline tickets. Yet when it comes to electricity, the State of Texas has already decided which power company Texans must do business with.

As I came in the building today, I saw lots of signs saying "Let Texans decide." I agree with this. I believe Texans should decide. I don't think consumers in Texas need a Federal or State regulator or legislator

to tell them who they must purchase their electricity from. I believe power companies ought to have to compete for the business of their customers. Prices decrease, customer service increases, and innovation is encouraged when power companies know that their customers might buy from someone else if their prices are too high or their service inadequate. This is plain, old-fashioned common sense.

I know this will hold true with respect to electricity because we have evidence of it. In recent years, large industrial customers of electricity have been able to negotiate rate discounts with their utilities based on threats that they might leave their electric company.

Utilities in Texas and other States have already lowered electricity prices for many of their largest customers while steadfastly refusing to give similar discounts to their smallest customers. Although some have tried to portray customer choice as just benefitting large industrial customers I see it as a way of assuring that all customers benefit, not just the few large customers who can negotiate their rates today.

I don't want to be misunderstood. I have not come here to criticize any power company or individual. America's power companies, whether investor or publicly owned have served their customers well. I do however, believe that in recent years our electricity

delivery and generation capabilities have changed a great deal and that we must examine whether our laws must also change to assure that consumers are not stranded.

Today's debate can be summed up pretty simply: Should individuals decide who their power supplier will be or should the government decide for them? While I am a strong supporter of State's rights I am a stronger supporter of individual's rights. I believe consumer choice is the best weapon to protect the small consumer.

For nearly three years now, this Subcommittee has

been holding hearings, listening to witnesses, and meeting with groups privately and publicly. The decision to pursue customer choice legislation is not something I have entered into hastily or without due consideration. I want to get it right. But I also want to get there.

My legislation, the "Electric Consumers' Power to Choose Act," sets a Federal date certain for consumer choice, but ensures that the States have flexibility in creating these programs. Under my bill, States make all the key decisions, except the threshold question of whether consumers should continue to be denied a choice. On that point, my mind is made up.

Further, my bill includes a grandfathering provision to assure that programs established by the States that are progressive in moving early to consumer choice -- and I hope Texas will join those ranks -- will be preserved. I am not trying to preempt Texas.

Since we all seem to be agreed that "Texans know best" I hope today we can begin a dialogue on how to open up the electric system so that Texans, and all Americans, can begin to act on what they know.

I look forward to hearing from our witnesses.